

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ROUGH RIVER WATER)	
SYSTEM FOR A RATE ADJUSTMENT PURSUANT)	CASE NO.
TO THE ALTERNATIVE RATE FILING PROCEDURE)	89-207
FOR SMALL UTILITIES)	

O R D E R

On July 26, 1989, Rough River Water System, Inc. ("Rough River") filed an application for Commission approval of a proposed increase in its rates for water service pursuant to the Alternative Rate Filing Procedure for Small Utilities. That application used 1987 as the test year. By Order dated August 31, 1989, the Commission directed Rough River to use 1988 as the test year. On September 25, 1989, Rough River requested the Commission to reconsider that Order, but the request was denied by Commission Order dated October 12, 1989. Commission Staff ("Staff") conducted a field review of Rough River's 1988 test-year financial records on October 5 and 6, 1989.

On November 20, 1989, Rough River amended its application to provide 1988 test-year data and proposed rates for water service which would generate additional annual revenues of \$35,230, an

increase of 37.3 percent above test-year revenues.¹ Staff conducted another field review of the 1988 test-year financial records on December 11, 1989. Based on the field reviews, Staff filed a report on February 21, 1990, recommending that Rough River reduce its annual operating revenues by \$3,206.

By letter dated February 21, 1990, the Commission advised Rough River that comments on the Staff Report or a request for a public hearing must be submitted no later than March 8, 1990, or this case would stand submitted to the Commission for decision. Rough River neither filed comments on the Staff Report nor asked for a public hearing.

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Rough River and will produce gross annual revenues of \$91,212 for water service based on adjusted test-year sales. These rates will allow Rough River sufficient revenues to meet its operating

¹ By Rough River filing an amended application, the time within which the Commission must act was computed from the November 20, 1989 filing date, as stated in the Commission Order dated January 2, 1990.

expenses and provide for future growth equity, including provisions for servicing its debts.

3. The rates proposed by Rough River would produce revenue increases of that found unreasonable herein and should be denied upon application of KRS 278.030.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Rough River in its amended application are hereby denied.

2. The rates in Appendix A are approved for service rendered by Rough River on and after the date of this Order.

3. Within 30 days of the date of this Order, Rough River shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 26th day of March, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-207 DATED March 26, 1990

The following rates and charges are prescribed for the customers in the area served by Rough River Water System. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates

First 2,000 gallons	\$8.20 Minimum Bill
Next 8,000 gallons	3.10 per 1,000 gallons
Next 10,000 gallons	2.75 per 1,000 gallons
Next 30,000 gallons	2.30 per 1,000 gallons
Over 50,000 gallons	1.80 per 1,000 gallons